



BILLING CODE (3410-XX-X)

DEPARTMENT OF AGRICULTURE

Rural Housing Service

Notice of Funding Availability: Multi-Family Housing Preservation and Revitalization Demonstration Program - Section 514, 515, and 516 for Fiscal Year 2013

AGENCY: Rural Housing Service, USDA.

ACTION: Notice.

SUMMARY: USDA Rural Development, which administers the programs of the Rural Housing Service (RHS or Agency), announces the availability of up to \$19.9 million in program dollars, and the timeframe to submit applications to participate in a demonstration program to preserve and revitalize existing rural rental housing projects under Section 515, Section 514, and Section 516 of the Housing Act of 1949, as amended. Under the demonstration program existing Section 515 Multi-Family Housing (MFH) loans and Section 514/516 Off-Farm Labor Housing loans will be restructured to ensure that sufficient resources are available to preserve the ability of rental projects to provide safe and affordable housing for very low-, low- or moderate-income residents. Projects participating in this program will be expected to be revitalized to extend their affordable use without displacing tenants because of increased rents. No additional Agency Rental Assistance (RA) units will be made available under this program.

DATES: Pre-applications in response to this Notice will be accepted until February 28, 2013, 5:00 P.M., Eastern Time. The pre-application closing deadline is firm as to date and hour. The Agency will not consider any pre-application that is received after the

closing deadline. Applicants intending to mail pre-applications must allow sufficient time to permit delivery on or before the closing deadline. Acceptance by a post office or private mailer does not constitute delivery. Facsimile (FAX) and postage-due pre-applications will not be accepted.

FOR FURTHER INFORMATION CONTACT: Sherry Engel or Tiffany Tietz, at sherry.engel@wdc.usda.gov or tiffany.tietz@wdc.usda.gov, at (715) 345-7677 or (616) 942-4111, extension 126, Finance and Loan Analyst, Multi-Family Housing Preservation and Direct Loan Division, STOP 0782, (Room 1263-S), U.S. Department of Agriculture, Rural Housing Service, 1400 Independence Avenue, SW, Washington, D.C. 20250-0782. All hard copy pre-applications and required documents (attachments) must be submitted to this address. *(Please note this telephone number is not a toll-free number.)*

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The information collection requirements contained in this Notice have received approval from the Office of Management and Budget (OMB) under Control Number 0570-0190.

Overview Information

Federal Agency Name: RHS, USDA.

Funding Opportunity Title: Multi-Family Housing Preservation and Revitalization Demonstration Program - Section 514, 515, and 516 for Fiscal Year 2013.

Announcement Type: Inviting applications from eligible applicants for Fiscal Year 2013, Funding.

Catalog of Federal Domestic Assistance Number (CFDA): 10.447

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I. Funding Opportunities Description

The Consolidated and Further Continuing Appropriations Act, 2012 (Pub. L. 112-55) (November 18, 2011) authorized the Agency to conduct a demonstration program for the preservation and revitalization of the Section 515 MFH portfolio and Section 514/516 Off-Farm Labor Housing (FLH) portfolio. Sections 514, 515 and 516 MFH programs are authorized by the Housing Act of 1949, as amended (42 U.S.C. 1484, 1485, 1486) and provide Rural Development with the authority to provide financial assistance for low-income MFH and FLH and related facilities as defined in 7 CFR Part 3560.

This Notice solicits pre-applications from eligible borrowers/applicants to restructure existing MFH projects already participating in the Agency's Section 515 MFH portfolio and Section 514/516 FLH portfolio for the purpose of revitalization and preservation. Eligible borrowers are sometimes referred to in this Notice as "applicants," "borrowers," "applicant/borrowers," or "owners" as seems most appropriate for the context of the relevant Notice provision. The demonstration program shall be referred to in this Notice as the Multi-Family Housing Preservation and Revitalization Demonstration program (MPR). Agency regulations for the Section 515 MFH program and the Section 514/516 FLH program are published at 7 CFR Part 3560.

The intent of the MPR is to ensure that existing rental projects will continue to deliver decent, safe and sanitary affordable rental housing for 20 years or the remaining term of any Agency loan, whichever ends later. Applications will be selected by the Agency in the process described in this Notice and the selected applicants will be invited to

participate in the MPR demonstration program. Upon written notification to the Agency from the selected applicant of acceptance to participate, an independent third-party capital needs assessment (CNA) will be conducted to provide a fair and objective review of projected capital needs. The Agency shall implement the restructuring proposal that may be offered under this Notice through an MPR Conditional Commitment (MPRCC) with the eligible borrower/applicant which will include all the terms and conditions offered by the Agency.

One of the restructuring tools to be used in this program is debt deferral for up to 20 years of the existing Section 514 or 515 loans obligated prior to October 1, 1991. The cash flow from the deferred payment will be deposited, as directed by the Agency, to the reserve account to help meet the future physical needs of the project or to reduce rents. Debt deferral is described as follows:

MPR Debt Deferral: A deferral of the existing Section 514 or 515 Agency loan(s), obligated on or before 9/30/1991, for the lesser of the remaining term of the existing 514 or 515 loan or 20 years. All terms and conditions of the deferral will be described in the MPR Debt Deferral Agreement. A balloon payment of principal and accrued interest will be due at the end of the deferral period. Interest will accrue at the promissory note rate and subsidy will be applied as set out in the Agency's Interest Credit and Rental Assistance Agreement, if applicable.

Other Agency MPR tools are as follows:

1. MPR Grant: A grant limited to non-profit applicants/borrowers only. The grant will be limited to the cost of correcting health and safety violations or other physical needs of the project identified by the CNA and accepted by the Agency. The grant administration will be in accordance with applicable provisions of 7 CFR parts 3015 and 3019.
2. MPR Zero Percent Loan: A loan with zero percent interest.

- a) For Section 515 Rural Rental Housing projects, the maximum term will be 30 years and be amortized over 50 years.
 - b) For Section 514/516 projects, the loan will be amortized over a maximum term of 33 years.
3. MPR Soft-Second Loan: A loan with a one percent interest rate that will have its accrued interest and principal deferred, to a balloon payment. The balloon payment will be due at the same time the latest maturing Section 514 or Section 515 loan already in place at the time of closing or the maturity date of any current loan being re-amortized as part of the restructuring is due. The term of the soft second loan will not be timed to match the term of any new Section 514 or 515 loan added during the transaction.
4. Increased Return to Owner (RTO) for Stay-in-Owners: Section 515 stay-in-owners, who will retain their project and contribute cash, other than proceeds from the sale of Low Income Housing Tax Credits, to fund any hard costs of construction to meet immediate needs identified by the CNA, may receive a Return on Investment (ROI) on those funds provided the Agency determines an increased ROI is financially feasible, and the Agency approves such a return in the revitalization plan. The Agency may also offer that the RTO be included in a “cash flow split” agreement as outlined in a MPRCC. The cash flow split, if approved, will allow up to 50 percent of excess cash, generated at the end of the owner’s fiscal year end, to be split equally between paying down any outstanding deferred Agency loan balances and 50 percent to be returned to the borrower as an increased RTO, subject to the provisions of 7 CFR 3560.68.

MPR funds cannot be used to build community rooms, playgrounds, laundry rooms or additional new units, unless the additional unit(s) are needed for the project to meet the 5 percent fully accessible requirement as defined by Uniform Federal Accessibility Standards (UFAS) and the Agency concurs. However, other funding sources as outlined

below in (i) through (vi) can be used either for revitalization or for the improvements listed above.

- i. Rural Development Section 515 Rehabilitation loan funds;
- ii. Rural Development Section 514 /516 Off-Farm rehabilitation loan/grant funds;
- iii. Rural Development Section 538 Guaranteed Rural Rental Housing Program financing;
- iv. Rural Development Multi-Family Housing Re-Lending Demonstration Program Funds;
- v. Third-party loans with below market rates (below the Applicable Federal Rate (AFR)), grants, tax credits and tax-exempt financing; and
- vi. Owner-provided capital contributions in the form of a cash infusion. A cash infusion cannot be a loan.

Transfers, subordinations, and consolidations may be approved as part of a MPR transaction in accordance with 7 CFR Part 3560. If a transfer is part of the MPR transaction, the transfer must first meet the requirements of 7 CFR 3560.406 before the MPR transaction is processed.

For the purposes of the MPR, the restructuring transactions will be identified in three categories:

1. "Simple transactions" involve no change in ownership.
2. "Complex transactions" may consist of a project transfer to a new ownership, processed in accordance with 7 CFR 3560.406, with or without a consolidation, or transactions requiring a subordination agreement as a result of third-party funds. The applicant will submit one pre-application form. If a consolidation is proposed, all projects to be consolidated will be listed on one pre-application form. To be a complex transaction, at the MPR closing, the Agency assumes only one project remains upon completion.

3. A “Portfolio transaction” includes two or more projects with one stay-in owner, or two or more projects with multiple project sale transactions to a common purchaser all located in one State. Each project included in the transaction will be submitted on a separate pre-application form unless some projects are being consolidated in which case those projects being consolidated will be listed on the same pre-application form. Each pre-application must have the same Portfolio name. If the owner chooses to remove one or more projects from the proposal, at least two projects must remain in order to be classified as a portfolio transaction. At the end of the transaction, it is assumed there will be two or more projects remaining. The stay-in owner or common purchaser must have at least one general partner in common.

A transaction within each category may utilize any or all restructuring tools.

Restructuring tools that may be available to address the capital needs of a project must be used to address preservation and rehabilitation items identified in the CNA.

The liens against the project, with the exception of Agency deferred debt, cannot exceed Agency approved value of the project. All Agency debt, either in first lien position or a subordinated lien position, must be **secured by the project**, except deferred debt which is not included in the Agency’s total lien position for computation of adequate security. Payment of such deferred debt will not be required from normal project operations income, but from excess cash from project operations after all other secured debts are satisfied or as directed by the Agency.

The general steps of the MPR application process are as follows:

1. Pre-application: Applicants must submit a pre-application described in Section VI. This pre-application process is designed to lessen the cost burden on all applicants including those who may not be eligible or whose proposals may not be feasible.

Note: *If you receive a loan or grant award under this Notice, USDA reserves the right to post all information submitted as part of the pre-application/application package which is not protected under the Privacy Act on a public Web site with free and open access to any member of the public.*

2. Eligible Projects: Using criteria described below in Section III, the Agency will conduct an initial screening for eligibility. As described in Section VIII, the Agency will conduct an additional eligibility screening later in the selection process.
3. Scoring and Ranking: All complete, eligible and timely-filed pre-applications will be scored, ranked and put in potential funding categories as discussed in Sections VI and VII.
4. Formal Applications: Top ranked pre-applicants will receive a letter from the Agency inviting them to submit a formal application. As discussed in Section VIII paragraph (2) of this Notice, the Agency will require the owner to provide a CNA completed in accordance with the Agency's published guidance, (available at http://www.rurdev.usda.gov/HMF_MPR.html) in order to underwrite the proposal to determine financial feasibility and to determine the proper combination of tools to be offered to the applicant. When proposals are found to be ineligible or financially infeasible applicants will be informed of this ineligibility or financial infeasibility. Any proposal denied by the Agency will be returned to the applicant and the applicant will be given appeal rights pursuant to 7 CFR part 11.
5. Financial Feasibility: Using the results of the CNA to help identify the need for resources and applicant provided information regarding anticipated or available third-party financing, the Agency will determine the financial feasibility of each potential transaction, using restructuring tools available either through existing regulatory authorities or specifically authorized through this demonstration program. A project is financially feasible when it can provide affordable, decent, safe, and sanitary housing for 20 years or the remaining term of any Agency loan, whichever ends later, by using the authorities of this program while minimizing

the cost to the Agency, and without increasing rents for eligible tenants or farm laborers, except when necessary to meet normal and necessary operating expenses. If the transaction is determined financially feasible by the Agency, the borrower will be offered a restructuring proposal, if funding is available. This will include a requirement that the borrower will execute, for recordation, an Agency approved restrictive use covenant for a period of 20 years, the remaining term of any loans, or the remaining term of any existing restrictive-use provisions, whichever ends later. The restructuring proposal will be established in the form of the MPRCC.

6. MPR Agreements: If the offer is accepted by the applicant, the applicant must accept the MPRCC. By accepting the offer, the applicant must also agree to restrict the project pursuant to the MPRCC. Any third-party lender will be required to subordinate to the Agency's restrictive use covenant unless the Agency determines, on a case-by-case basis, that the lender's refusal to subordinate will not compromise the purpose of the MPR. As part of the MPRCC, the Agency may require the applicant to sign an Agency approved agreement that requires the owner to escrow reserve, tax, and insurance payments in accordance with all pertinent current and future Agency regulations not otherwise inconsistent with this Notice. In addition, the MPRCC may also require the applicant to accept future rent increases based on an Annual Adjustment Factor (AAF) determined by the Secretary. The AAF allows rents to be adjusted by the annual inflation factor as determined by the United States Office of Management and Budget. The exact AAF will be established in the MPRCC.
7. General Requirements: The MPR transactions may be conducted with a stay-in owner (simple) or may involve a change in ownership (complex or portfolio). Any housing or related facilities that are constructed or repaired must meet the Agency design and construction standards and the development standards contained in 7 CFR part 1924, subparts A and C, respectively. Once constructed, Section 515 MFH and Section 514/516 FLH projects must be managed in accordance with 7 CFR part 3560. Tenant eligibility will be limited to persons

who qualify as an eligible household under Agency regulations. Tenant eligibility requirements are contained in 7 CFR 3560.152.

8. Voluntary “Community Market Rent” Demonstration (available for Section 515 projects only): In conjunction with this demonstration, the Agency also announces the opportunity for all successful Section 515 applicants to participate on a voluntary basis in a viability test of a 30 percent limitation on tenant rents, as proposed in Section 544 (b) (7) of Saving American’s Rural Housing Act of 2006, H.R. 5069, for post-restructured properties. Owners of projects in the Section 515 MPR program may elect to participate in the “community market rent” demonstration which will allow an owner to set a rent above the approved basic rent for any unit not currently occupied by a tenant receiving Agency RA. Eligible tenants for these units must have adjusted annual incomes sufficient to allow them to pay the community market rent using less than 30 percent of their adjusted income. With the Agency’s consent, up to 50 percent of the difference between the basic rent and the new “community market rent” could be retained by the owner as an increased return.

For example, if the basic rent is \$350, the owner could create a community market rent at \$410, and market the unit to tenants who could pay the \$410 rent at less than 30 percent of adjusted income. A percentage of the \$60 difference could be retained by the owner, as negotiated with the Agency, up to \$30.

Prior to implementation of the community market rent demonstrations, the Agency will issue guidance to successful applicants who have indicated an interest in participating in the demonstration providing further details with respect to the program.

II. Award Information

The Consolidated and Further Continuing Appropriations Act, 2012 (Pub. L. 112-55), November 18, 2011, appropriated \$2,000,000 in budget authority to operate the MPR Demonstration Program. The budget authority is anticipated to make approximately

\$19.9 million available in program funds depending on the funding tools used. This funding remains available until expended.

All Agency funding of applications submitted under this Notice must be approved no later than September 30, 2013. Applicants are alerted that the Agency has unfunded applications carried over from prior Notices that will receive priority based on that Notice. If funds available for the MPR are fully committed before all eligible pre-applications selected for further processing are funded, the Agency shall suspend further processing of the pre-applications at that time. If additional funding is received during 2013, processing will continue. Any pre-applications or applications that have not been approved by September 30, 2013, will be considered (based on scoring under the prior applicable Notice) with any pre-applications received under any future Notice unless the application is withdrawn. Any pre-applications selected under this Notice, or prior Notices, that are not approved by the Agency prior to September 30, 2014, will be considered withdrawn automatically. However, the applicants may reapply for funding under future Notices.

III. Eligibility Information

Applicants (and the principals associated with each applicant) must meet the following requirements:

1. Eligibility under applicable provisions of 7 CFR 3560.55 and 3560.555; however, the requirements described in 7 CFR 3560.55 (a) (5) pertaining to required borrower contributions and paragraph (a) (6) pertaining to required contributions of initial operating capital are waived for all MPR proposals. Eligibility consideration also includes the continued ability of the borrower/applicant to provide acceptable management and will include an evaluation of any current outstanding deficiencies. Any outstanding violations, recorded in the Agency's Automated MFH Information System (MFIS), will preclude further processing of any MPR applications associated with the borrower or Identity of Interest (IOI)

management agent **unless** there is a current, approved workout plan in place and the plan is being satisfactorily followed as determined by the Agency.

2. For Section 515 Rural Rental Housing (RRH) projects, the average physical vacancy rate for the 12 months preceding the filing of the pre-application can be no more than 10 percent for projects of 16 units or more and no more than 15 percent for projects less than 16 units unless an exception applies under Section VI paragraph (1) (ii) of this Notice. If a project consolidation is involved, the consolidation will remain eligible so long as the average vacancy rate for all the projects involved meets the occupancy standard noted in this paragraph. Projects that do not meet the occupancy threshold at the time of filing the application may be withdrawn by the owner from the application process without jeopardizing the application.
3. For Section 514/516 FLH projects, rather than an average physical vacancy rate as noted in III (2) above, a positive cash flow for the previous full 3 years of operation is required unless an exception applies under Section VI paragraph (1) (ii) of this Notice.
4. Ownership of and ability to operate the project after the transaction is completed. In the event of a transfer, the proposed transferee, with an executed purchase agreement or other evidence of site control, must apply. Purchase agreements that are not executed or are expired will not be accepted.
5. An Agency approved CNA (for guidance refer to http://www.rurdev.usda.gov/HMF_MPR.html) and an Agency financial evaluation must be conducted to ensure that utilization of the restructuring tools of the MPR program is financially feasible and necessary for the revitalization and preservation of the project for affordable housing. Initial eligibility for processing will be determined as of the date of the pre-application filing deadline. The Agency reserves the right to discontinue processing any application due to material changes in the applicant's status occurring at any time after the initial eligibility determination.
6. Please note that all grant eligible applicants must obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) number and register in the Central

Contractor Registration (CCR) prior to submitting a pre-application pursuant to 2 CFR 25.200(b). In addition, an entity applicant must maintain registration in the CCR database at all times during which it has an active Federal award or an application or plan under consideration by the Agency. Similarly, all recipients of Federal Financial Assistance are required to report information about first-tier sub-awards and executive compensation, in accordance with 2 CFR part 17a. So long as an entity applicant does not have an exception under 2 CFR 170.110(b), the applicant must have the necessary processes and systems in place to comply with the reporting requirements should the applicant receive funding. See 2 CFR 170.200(b).

IV. Equal Opportunity and Nondiscrimination Requirements

USDA is an equal opportunity provider, employer, and lender.

1. Borrowers and applicants will comply with the provisions of 7 CFR 3560.2.
2. All housing must meet the accessibility requirements found at 7 CFR 3560.60 (d).
3. All MPR participants must submit or have on file a valid Form RD 400-1, “*Equal Opportunity Agreement*” and Form RD 400-4, “*Assurance Agreement*.”

USDA prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, sex, marital status, familial status, religion, sexual orientation, or because all or part of an individual’s income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA’s TARGET Center at (202) 720-2600 (Voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Adjudication and Compliance, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410, or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).

The policies and regulations contained in 7 CFR Part 1901, Subpart E, apply to this program.

V. Authorities Available for MPR

MPR tools will be used in accordance with 7 CFR part 3560. The program will be administered within the resources available to the Agency through Public Law 112-55 and any future appropriations for the preservation and revitalization of Section 514/516 and Section 515 financed projects. In the event that any provisions of 7 CFR part 3560 conflict with this demonstration program, the provisions of the MPR will take precedence.

VI. Application and Submission Information

1. The application submission and scoring process will be completed in two phases in order to avoid unnecessary effort and expense on the part of borrowers/applicants and to allow additional points for applicants that propose a transfer of a troubled project to an eligible owner.

Phase I - The first phase is the pre-application process. The applicant must submit a complete pre-application by the deadline date under the “DATES” section of this Notice. The applicant’s submission will be classified as “complete” when the MPR Pre-application form is received in the correct format and place as described in this Notice for each MPR proposal the applicant wishes to be considered in the demonstration. In the event the MPR proposal involves a project consolidation, it will be completed in accordance with 7 CFR 3560.410. One pre-application for the proposed consolidated project is required and must identify each project included in the consolidation. If the MPR proposal involves a portfolio transaction (sale or stay in owner), one pre-application for each project in the portfolio is required and each pre-application must identify each project included in the portfolio transaction. In addition, a synopsis of this program and the pre-application’s universal resource locator (URL) will be listed by Catalog of Federal Domestic Assistance Number or at Federal GrantsWire at <http://www.federalgrantswire.com>.

In order for the pre-application to be considered complete, all applicable information requested on the MPR Pre-application form must be provided. Additional information that must be provided with the pre-application, when applicable, includes:

- i. A copy of a purchase agreement if a transfer of ownership is proposed.
- ii. A market survey for any pre-application project not meeting the occupancy standards cited in Section III (2) and (3) above. The market survey should show there is an overwhelming market demand for the project evidenced by waiting lists and a housing shortage confirmed by local housing agencies and realtors. The market survey must show a clear need and demand for the project once a restructuring transaction is completed. The results of the survey of existing or proposed rental or labor housing, including complex name, location, number of units, bedroom mix, family or elderly type, year built, and rent charges must be provided as well as the existing vacancy rate of all available rental units in the community, their waiting lists and amenities, and the availability of RA or other subsidies. The Agency will determine whether or not the proposal has market feasibility based on the data provided by the applicant. Any costs associated with the completion of the market survey is NOT an eligible program project expense.

Unless an exception under this section applies, the requirements stated in Section III, paragraph (2) and (3) of this Notice must be met.

NOTE: *All documents must be received on or before the pre-application closing deadline to be considered complete and timely filed. Pre-applications that do not include a Purchase Agreement for transfer proposals or market surveys for projects that do not meet the occupancy standards of Section III paragraphs (2) and (3) of this Notice, will be considered incomplete and will be returned to the applicant with appeal rights.*

Phase II - The second phase of the application process will be completed by the Agency based on Agency records and the pre-application information submitted. All complete, eligible, and timely-filed pre-applications will be scored and ranked based on points received during this two-phase application process. Further, the Agency will categorize each MPR proposal as being potentially a Simple, Complex, or a Portfolio transaction based on the information submitted on the pre-application and in accordance with the category description provided in Section I of this Notice.

2. Pre-applications can be submitted either electronically or in hard copy. The Agency will record pre-applications received electronically by the actual date and time received in the MPR Web site mail box. This date may impact ranking of the application as discussed under section VII. For all hard copy pre-applications received, the recorded receipt time will be the close of business time for the day received. Assistance for filing electronic and hard copy pre-applications can be obtained from any Rural Development State Office. A listing of State Offices, their addresses, telephone numbers and person to contact is included under Section X of this Notice.

The pre-application is an Adobe Acrobat format and may be completed as a fillable form. The form contains a button labeled "Submit by Email." Clicking on the button will result in an e-mail containing a completed pre-application being sent to the MPR Web site mail box for consideration. If a purchase agreement or market survey is required, these additional documents are to be attached to the resulting e-mail prior to submission.

Pre-application forms may be downloaded from the Agency's Web site at http://www.rurdev.usda.gov/RD_NOFAs.html or obtained by contacting the State Office in the State the project is located. Hard copy pre-applications and additional materials can be mailed to the attention of Sherry Engel or Tiffany Tietz, at sherry.engel@wdc.usda.gov or tiffany.tietz@wdc.usda.gov, at (715) 345-7677 (616) 942-4111, extension 126, Finance and Loan Analyst, Multi-Family Housing Preservation and Direct Loan Division, STOP 0782 (Room 1263-S), U. S. Department of Agriculture,

Rural Housing Service, 1400 Independence Avenue, SW, Washington, D.C. 20250-0781. (Please note this telephone number is not a toll-free number.)

VII. Selection for Processing

A. Pre-application ranking points will be based on information provided during the submission process and in Agency records. Only timely, complete pre-applications will be ranked. Points will be awarded as follows:

1. Contribution of other sources of funds. Other funds are those discussed in items (i) through (vi) of Section I of this Notice. Points awarded are to be based on documented written evidence that the funds are committed. The maximum points awarded for this criterion is 25 points. These points will be awarded in the following manner:
 - i. Evidence of a commitment of at least \$3,000 to \$5,000 per unit per project from other sources - 15 points, or
 - ii. Evidence of a commitment greater than \$5,000 per unit per project from other sources - 20 points.
 - iii. Evidence of a commitment greater than \$5,000 per unit per project from other sources and a binding written commitment by a third-party to contribute 25 percent or more of any allowable developer fee to the hard costs of construction - 25 points.
2. Owner contribution. The maximum points awarded for this criterion is 10 points. These points will be awarded in the following manner:
 - i. Owner contribution sufficient to pay transaction costs. (These funds cannot be from the project's reserve or operating funds). Transaction costs are defined as those Agency approved costs required to complete the transaction under this Notice and include, but are not limited to, the CNA, legal and closing costs, appraisal costs and filing/recording fees. The

minimum contribution required to receive these points is \$10,000 per project and must be deposited into the respective project reserve account prior to closing the MPR transaction from the owner's non-project resources. 5 points

- ii. Owner contribution for the hard costs of construction. (These funds cannot be from the project's reserve account or project's general operating account or in the form of a loan.) Hard costs of construction are defined as those costs for materials, equipment, property or machinery required to complete the proposal under this Notice. Hard costs must be itemized on Form RD 1924-13, "*Estimate and Certificate of Actual Cost.*" Form RD 1924-13 which can be found at <http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD1924-13.PDF>. The minimum contribution required to receive these points is \$1,000 per unit per project which will be required to be deposited in the project reserve account or a supervised/construction account, as directed by Rural Development, prior to closing. An increased RTO may be budgeted and allowed for funds committed in accordance with 7 CFR 3560.406(d)(14)(ii). 10 points

- 3. Age of project. For project consolidation (including portfolio transactions) proposals, the project with the earliest operational date (operational date is the date the project initially placed in service and documented in the Agency's Multi-Family Housing Information System (MFIS)) will be used in determining the age of the project. Since the age of the project and the date the project placed in service are directly related to physical needs, a maximum of 25 points will be awarded based on the following criteria:

- i. Projects with initial operational dates prior to December 21, 1979 - 25 points.
- ii. Projects with initial operational dates on or after December 21, 1979, but before December 15, 1989 - 20 points.

- iii. Projects with initial operational dates on or after December 15, 1989, but before October 1, 1991 - 15 points.
 - iv. Projects with initial operational dates on or after October 1, 1991 - 0 points
4. Troubled project points. The Agency may award up to 25 points to pre-applications involving projects that have been adversely impacted by an act of nature or where physical and/or financial deterioration or management deficiencies exist. Projects classified “B”, “C” or “D”, as defined below, will be considered troubled and points will be awarded in the following manner:

CLASS “D” PROJECTS

Class “D” projects are in default and may be taken into inventory, be lost to the program or cause the displacement of tenants. Defaults can be monetary or non-monetary.

Projects in non-monetary default are those where the Agency has notified the borrower of a violation using the Agency’s three processing letter process and the borrower has not addressed the violation to the Agency’s satisfaction.

CLASS “C” PROJECTS

Class “C” projects are projects with identified findings or violations, which are not associated to a workout plan and/or transition plan. This can include projects with violations where a servicing letter has been issued but 60 days have not passed.

CLASS “B” PROJECTS

Class “B” projects indicates that the Agency has taken servicing steps and the borrower is cooperating to resolve identified findings or violations by associating a workout plan and/or transition plan.

For Transfer proposals:

- i. For projects classified a “C” or “D” for 24 months or more - 20 points
- ii. For projects classified as a “C” or “D” for less than 24 months - 15 points

Stay in owner proposals:

- i. For projects classified as a “B” as a result of a workout plan and/or transition plan approved by the Agency prior to 1/1/2012 - 25 points.
 - ii. Projects with an Agency “C” classification, for 6 months or longer at the time the MPR pre- application is filed, will not be considered eligible to participate in the MPR.
5. Proposed or Closed Sale of 515 projects to Non-Profit/Public Housing Authority. The Agency will award 20 points for projects that have or will be sold to non-profit organizations under the prepayment process as explained in 7 CFR part 3560, Subpart N. To receive points, the borrower/applicant must provide a copy of the executed purchase agreement (if sale is proposed) or a copy of the purchase agreement and filed deed (if sale is already closed to an eligible non-profit or public body) - 20 points.
6. Prior approved CNAs. In the interest of ensuring timely application processing and underwriting, the Agency will award up to 20 points for projects with CNAs already approved by the Agency. “Approved” means the initial CNA or an updated CNA was previously reviewed and approved by the Agency. CNAs or updates before October 1, 2010 may not be used for MPR underwriting without an update approved by the Agency. Points will be awarded for:
 - i. CNAs approved on or after October 1, 2010, but prior to October 1, 2011 - 10 points.
 - ii. CNAs approved on or after October 1, 2011, but prior to the publication of this Notice. - 20 points.
7. Tenant service provision. The Agency will award 5 points for applications that include new services provided by either a for-profit or a non-profit organization,

which may include a faith-based organization, or by another Government agency. Such services shall be provided at no cost to the project and shall be made available to all tenants. Examples of such services may include transportation for the elderly, after-school day care services or after-school tutoring.

8. Consolidation of project operations. To encourage post-transaction operational cost savings and management efficiencies, the Agency will award 5 points for pre-applications that include at least two and up to four projects that will consolidate project budget and management operations and 10 points for applicants that include at least five or more projects that will consolidate project budget and management operations. Consolidations must meet the requirements of 7 CFR 3560.401. (5 or 10 points).

For portfolio sales and project consolidations, the Agency will calculate the average score for each project within the portfolio or consolidation.

9. Energy Conservation, Energy Generation, and Green Property Management. Under the MPR Energy Initiatives, projects may receive a maximum of 42 points under three categories: Energy Conservation, Energy Generation and Green Property Management.

- i. Energy Conservation - 30 points.

Pre-applications for rehabilitation and preservation of projects may be eligible to receive a maximum of 30 points for the following energy conservation measures.

- a) Participation in the Green Communities program by the Enterprise Community Partners, <http://www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities>, or an equivalent Agency approved program will be awarded 30 points for any project that qualifies for the program. At least 30 percent of the points needed to qualify for the Green Communities program must be earned under the Energy Efficiency section of the Green Communities qualification program. Green Communities has an initial checklist

indicating prerequisites for participation. Each applicant must provide a checklist establishing that the prerequisites for each program's participation will be met. Additional points will be awarded for checklists that achieve higher levels of energy efficiency certification as set forth below. All checklists must be accompanied by a signed affidavit by the project architect or engineer stating that the goals are achievable.

- b) If you are not enrolling in the Green Communities program, then points can be accumulated for each of the following items up to a total of 20 points. Provide documentation to substantiate your answers below:
 - i. This proposal includes the replacement of heating, ventilation and air conditioning (HVAC) equipment with Energy Star qualified heating, ventilation and air conditioning equipment. 3 points.
 - ii. This proposal includes the replacement of windows and doors with Energy Star qualified windows and doors. 3 points.
 - iii. This proposal includes additional attic and wall insulation that exceeds the required R-Value of these building elements for your areas as per the International Energy Conservation Code 2009. Two points will be awarded if all exterior walls exceed insulation code, and 1 point will be awarded if attic insulation exceeds code for a maximum of 3 points.
 - iv. This proposal includes the reduction in building shell air leakage by at least 15 percent as determined by pre- and post-rehab blower door testing on a sample of units. Building shell air leakage may be reduced through materials such as caulk, spray foam, gaskets and house-wrap. Sealing of duct work with mastic, foil-backed tape, or aerosolized duct sealants can also help reduce air leakage. 3 points.
 - v. This proposal includes 100 percent of installed appliances and exhaust fans that are Energy Star qualified. 2 points
 - vi. This proposal includes 100 percent of installed water heaters that are Energy Star qualified. 2 points.

- vii. This proposal included replacement of 100 percent of toilets with flush capacity of more than 1.6 gallon flush capacity with new toilets having 1.6 gallon flush capacity or less, and with Environment Protection Agency (EPA) Water Sense label. 1 point
- viii. This proposal includes 100 percent of new showerheads with EPA Water Sense label. 1 point.
- ix. This proposal included 100 percent of new faucets with WPA Water Sense label. 1 point
- x. This proposal included 100 percent energy-efficient lighting including Energy Star qualified fixtures, compact fluorescent replacement bulbs in standard incandescent fixtures and Energy Star ceiling fans. 1 point

AND

- c) Participation in local green/energy efficient building standards. Applicants, who participate in a city, county or municipality program, will receive an additional 2 points. The applicant should be aware and look for additional requirements that are sometimes embedded in the third-party program's rating and verification systems. 2 points.

10. Energy Generation (maximum 5 points)

Pre-applications which participate in the Green Communities program by the Enterprise Community Partners or an equivalent Agency approved program or receive at least 8 points for Energy Conservation measures are eligible to earn additional points for installation of on-site renewable energy sources. Renewable, on-site energy generation will complement a weather-tight, well insulated building envelope with highly efficient mechanical systems. Possible renewable energy generation technologies include, but are not limited to: wind turbines and micro-turbines, micro-hydro power, photovoltaic (capable of producing a voltage when exposed to radiant energy, especially light), solar hot water systems and biomass/biofuel systems that do not use fossil fuels in production. Geo-exchange systems are highly encouraged as they lessen the total demand for energy

and, if supplemented with other renewable energy sources, can achieve zero energy consumption more easily.

Points under this paragraph will be awarded as follows. Projects with preliminary or rehabilitation building plans and energy analysis propose a 10 percent to 100 percent energy generation commitment (where generation is considered to be the total amount of energy needed to be generated on-site to make the building a net-zero consumer of energy) may be awarded points corresponding to their percent of commitment as follows:

- (a) 0 to 9 percent commitment to energy generation receives 0 points;
- (b) 10 to 29 percent commitment to energy generation receives 1 point;
- (c) 30 to 49 percent commitment to energy generation receives 2 points;
- (d) 50 to 69 percent commitment to energy generation receives 3 points;
- (e) 70 to 89 percent commitment to energy generation receives 4 points;
- (f) 90 percent or more commitment to energy generation receives 5 points.

In order to receive more than 1 point for this energy generation paragraph, an accurate energy analysis prepared by an engineer will need to be submitted with the pre-application. Energy analysis of preliminary building plans using industry-recognized simulation software must document the projected total energy consumption of the building, the portion of building consumption which will be satisfied through on-site generation, and the building's Home Energy Rating System (HERS) score.

11. Green Property Management Credentials (5 points)

Pre-applications may be awarded an additional 5 points if the designated property management company or individuals that will assume maintenance and operations responsibilities upon completion of construction work have a Credential for Green Property Management. Credentialing can be obtained from the National Apartment Association (NAA), National Affordable Housing Management Association, The Institute for Real Estate Management, U.S. Green Building Council's Leadership in Energy and Environmental Design for Operations and Maintenance (LEED OM), or another Agency approved source with a certifiable credentialing program. Credentialing

must be illustrated in the resume(s) of the property management team and included with the pre-application.

The Agency will total the points awarded to each pre-application received within the timeframes of this Notice and rank each pre-application according to total score. If point totals are equal, the earliest time and date the pre-application was received by the Agency will determine the ranking. In the event pre-applications are still tied, they will be further ranked by giving priority to those projects with the earliest Rural Development operational date as defined under paragraph VII. 3.

B. Confirmation of Eligibility.

Eligibility will be confirmed after ranking is completed on the 10 highest-scoring pre-applications in each State. If one or more of the 10 highest-scoring pre-applications is determined ineligible, (i.e. the applicant is a borrower that is not in good standing with the Agency or has been debarred or suspended by the Agency, etc.) the next highest-scoring pre-application will be confirmed for eligibility.

If one or more of the 10 highest-ranking pre-applications is a portfolio transaction, eligibility determinations will be conducted on each pre-application associated with the portfolio. Should any of the pre-applications associated with the portfolio sale be determined ineligible, those ineligible pre-application(s) will be rejected, but the overall eligibility of the portfolio sale will not be affected as long as the requirements in Section I and other provisions of this Notice are met.

If one or more of the 10 highest-ranking pre-applications in a State is a project consolidation, and one of the projects involved in the consolidation does not meet the occupancy standards cited in Section III (2), that project(s) will be determined ineligible and eliminated from the proposed consolidation transaction.

C. Selection of pre-applications for further processing.

Once ranking and eligibility confirmations are complete, the Agency will conduct a four-step process to select eligible pre-applications for submission of formal applications. This process will allow the Agency to develop a representative sampling of revitalization transaction types, assure geographic distribution, and assure an adequate pipeline of transactions to use all available funding. All MPR tools are available to be used on both Section 514/516 and Section 515 projects.

STEP ONE: The Agency will review the eligible pre-applications, categorize each pre-application as either Simple, Complex, or Portfolio (see section I) and sort them by State.

STEP TWO: The Agency will select, for further processing, the top-ranked portfolio transactions until a total of \$50,000,000 in potential debt deferral is reached. Portfolio transactions will be limited to one per State (either RRH or FLH) and will count as one MPR transaction. A portfolio transaction, as defined in section I will be limited to a maximum of 15 projects.

STEP THREE: The highest ranked complex transactions (RRH or FLH) will be selected for further processing, not to exceed 1 per State.

STEP FOUR: Additional projects will be selected from the highest ranked eligible pre-applications involving simple transactions in each State until a total of three RRH pre-applications for MPR transactions are reached. If a FLH complex transaction has not been selected in Step Three above, one additional FLH project will be selected from the highest ranked eligible pre-applications involving FLH simple transactions, until a total of four MPR pre-applications per State is reached. States that do not have a FLH pre-application will be limited to three MPR pre-applications.

If there are insufficient funds for all projects under any step, the Agency may suspend further selections. Any remaining eligible applications will be carried over to the next fiscal year for consideration. Any pre-applications that have not been approved by September 30, 2013, will be rescored and ranked with any future pre-applications according to the applicable future Notice unless it is withdrawn. Any such unfunded pre-applications not approved by the Agency prior to September 30, 2014, automatically will

be considered withdrawn by the Agency. Applicants, however, may reapply for funding under future Notices.

VIII. Processing of Selected Pre-applications

Those eligible pre-applications that are ranked and then selected for further processing will be invited to submit a formal application on SF 424, "Application for Federal Assistance." Those eligible pre-applications that are not selected for further processing will be retained by the Agency unless they are withdrawn according to this Notice. Applicants rejected will be notified their pre-applications were not selected and provided with appeal rights under 7 CFR part 11. In the event a pre-application is selected for further processing and the applicant declines, the next highest ranked pre-application of the same transaction type in that State will be selected provided there is no change in the preliminary eligibility of the pre-applicant. If there are no other pre-applications of the same transaction type, then the next highest-ranked pre-application, regardless of transaction type, will be selected.

Applications (SF 424s) can be obtained and completed online. An electronic version of this form may be found on the internet at <http://www.epa.gov/ogd/AppKit/index.htm> or a hard copy may be obtained by contacting the State Office in the State where the project is located and can be submitted either electronically or in hard copy (refer to Section X for a listing of State Offices)

Awards made under this Notice are subject to the provisions contained in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012, P.L. No. 112-55, Division A sections 738 and 739 regarding corporate felony convictions and corporate federal tax delinquencies. To comply with these provisions, all applicants also must submit form AD-3030 which can be found here: http://www.ocio.usda.gov/forms/ocio_forms.html.

If a pre-application is accepted for further processing, the applicant must submit additional information needed to demonstrate eligibility and feasibility (such as a CNA),

consistent with this Notice and the appropriate sections of 7 CFR part 3560, prior to the issuance of any restructuring offer. The Agency will provide additional guidance to the applicant and request information and documents necessary to complete the underwriting and review process. Since the character of each application may vary substantially depending on the type of transaction proposed, information requirements will be provided as appropriate. Complete project information must be submitted as soon as possible, but in no case later than 45 calendar days from the date of Agency notification of the applicant's selection for further processing or September 1, 2013, whichever occurs first. Failure to submit the required information in a timely manner may result in the Agency discontinuing the processing of the request.

The Agency will work with the applicants selected for further processing in accordance with the following:

1. Based on the feasibility of the type of transaction that will best suit the project and the availability of funds, further eligibility confirmation determinations will be conducted by the Agency.
2. If an Agency approved CNA has not already been submitted to the Agency, an Agency approved CNA will be required (see 7 CFR 3560.103(c) and the Agency's published "Guidance on the Capital Needs Assessment Process" available at http://www.rurdev.usda.gov/HMF_MPR.html and the CNA Statement of Work together with any non-conflicting amendments). Agency approved CNAs must be prepared by a qualified independent contractor and are obtained to determine needed repairs and any necessary adjustments to the reserve account for long-term project viability. In order for the Agency to approve a CNA it must also include:
 - i. a physical inspection of the site, architectural features, common areas and all electrical and mechanical systems;
 - ii. an inspection of a sample of dwelling units;
 - iii. identify repair or replacement needs;

- iv. provide a cost estimate of the repair and replacement expenses; and
- v. provide at least a 20-year analysis of the timing and funding for identified needs which includes reasonable assumptions regarding inflation. The cost of the CNA will be considered a part of the project expense and may be paid from the “project reserve” with prior approval of the Agency. The Agency approval for participation in this program will be contingent upon the Agency’s final approval of the CNA and concurrence in the scope of work by the owner. The Agency, in its sole discretion, may choose to obtain a CNA, at its expense, if it determines that doing so is in the best interest of the Government.

- 3. Underwriting will be conducted by the Agency. The feasibility and structure of each revitalization proposal will be based on the Agency’s underwriting and determination of the restructuring tools that will minimize the cost to the Government consistent with the purposes of this Notice.

IX. MPR Offers.

Approved MPR offers will be presented to successful applicants who will then have up to 15 calendar days to accept or reject the offer in writing. If no offer is made, the application will be rejected and appeal rights will be given. Closing of MPR offers will occur within 90 days of acceptance by the applicant unless extended in writing by the Agency.

X. USDA Rural Development MFH State Office Contacts.

(Note: Telephone numbers listed are not toll-free.)

Alabama State Office
Suite 601, Sterling Centre
4121 Carmichael Road
Montgomery, AL 36106-3683
(334) 279-3455

Anne Chavers

Alaska State Office
800 West Evergreen, Suite 201
Palmer, AK 99645
(907) 761-7723
Cindy Jackson

Arizona State Office
Phoenix Courthouse and Federal Building
230 North First Avenue, Suite 206
Phoenix, AZ 85003-1706
(602) 280-8764
Ernie Wetherbee

Arkansas State Office
700 W. Capitol Avenue, Room 3416
Little Rock, AR 72201-3225
(501) 301-3254
Jackie Young

California State Office
430 G Street, #4169
Davis, CA 95616-4169
(530) 792-5821
Debra Moretton

Colorado State Office
USDA Rural Development
Denver Federal Center
Building 56, Room 2300
P.O. Box 25426
Denver, CO 80225-0426
(720) 544-2923
Mary Summerfield

Connecticut
Served by Massachusetts State Office

Delaware and Maryland State Office
1221 College Park Drive, Suite 200
Dover, DE 19904
(302) 857-3615
Debra Eason

Florida & Virgin Islands State Office

4440 N.W. 25th Place
Gainesville, FL 32606-6563
(352) 338-3465
Tresca Clemmons

Georgia State Office
Stephens Federal Building
355 E. Hancock Avenue
Athens, GA 30601-2768
(706) 546-2164
Jack Stanek

Hawaii State Office
(Services all Hawaii, American Samoa Guam, and Western Pacific)
Room 311, Federal Building
154 Waianuenue Avenue
Hilo, HI 96720
(808) 933-8305
Nate Reidel

Idaho State Office
Suite A1
9173 West Barnes Drive
Boise, ID 83709
(208) 378-5628
Joyce Weinzetl

Illinois State Office
2118 West Park Court, Suite A
Champaign, IL 61821-2986
(217) 403-6222
Barry L. Ramsey

Indiana State Office
5975 Lakeside Boulevard
Indianapolis, IN 46278
(317) 290-3100, extension 425
Douglas Wright

Iowa State Office
210 Walnut Street, Room 873
Des Moines, IA 50309
(515) 284-4493
Shannon Chase

Kansas State Office

1303 SW First American Place, Suite 100
Topeka, KS 66604-4040
(785) 271-2721
Mike Resnik

Kentucky State Office
771 Corporate Drive, Suite 200
Lexington, KY 40503
(859) 224-7325
Paul Higgins

Louisiana State Office
3727 Government Street
Alexandria, LA 71302
(318) 473-7962
Yvonne R. Emerson

Maine State Office
967 Illinois Ave., Suite 4
Bangor, ME 04402-0405
(207) 990-9110
Bob Nadeau

Maryland
Served by Delaware State Office

Massachusetts, Connecticut, & Rhode Island State Office
451 West Street
Amherst, MA 01002
(413) 253-4310
Richard Lavoie

Michigan State Office
3001 Coolidge Road, Suite 200
East Lansing, MI 48823
(517) 324-5192
Julie Putnam

Minnesota State Office
375 Jackson Street Building, Suite 410
St. Paul, MN 55101-1853
(651) 602-7820
Linda Swanson

Mississippi State Office
Federal Building, Suite 831

100 W. Capitol Street
Jackson, MS 39269
(601) 965-4325
Darnella Smith-Murray

Missouri State Office
601 Business Loop 70 West
Parkade Center, Suite 235
Columbia, MO 65203
(573) 876-0987
Rachelle Long

Montana State Office
2229 Boot Hill Court
Bozeman, MT 59715
(406) 585-2515
Deborah Chorlton

Nebraska State Office
Federal Building, Room 152
100 Centennial Mall N
Lincoln, NE 68508
(402) 437-5734
Linda Anders

Nevada State Office
1390 South Curry Street
Carson City, NV 89703-5146
(775) 887-1222, extension 105
William Brewer

New Hampshire State Office
Concord Center
Suite 218, Box 317
10 Ferry Street
Concord, NH 03301-5004
(603) 223-6050
Heidi Setien

New Jersey State Office
5th Floor North Suite 500
8000 Midlantic Drive
Mt. Laurel, NJ 08054
(856) 787-7732
Neil Hayes

New Mexico State Office
6200 Jefferson Street, NE, Room 255
Albuquerque, NM 87109
(505) 761-4945
Yvette Wilson

New York State Office
The Galleries of Syracuse
441 S. Salina Street, Suite 357 5th Floor
Syracuse, NY 13202
(315) 477-6421
Michael Bosak

North Carolina State Office
4405 Bland Road, Suite 260
Raleigh, NC 27609
(919) 873-2055
Beverly Casey

North Dakota State Office
Federal Building, Room 208
220 East Rosser
PO Box 1737
Bismarck, ND 58502
(701) 530-2049
Kathy Lake

Ohio State Office
Federal Building, Room 507
200 North High Street
Columbus, OH 43215-2477
(614) 255-2409
Cathy Simmons

Oklahoma State Office
100 USDA, Suite 108
Stillwater, OK 74074-2654
(405) 742-1070
Laurie Ledford

Oregon State Office
1201 NE Lloyd Boulevard, Suite 801
Portland, OR 97232
(503) 414-3353
Rod Hansen

Pennsylvania State Office
One Credit Union Place, Suite 330
Harrisburg, PA 17110-2996
(717) 237-2281
Martha Hanson

Puerto Rico State Office
654 Munoz Rivera Avenue
IBM Plaza, Suite 601
Hato Rey, PR 00918
(787) 766-5095, extension 249
Lourdes Colon

Rhode Island
Served by Massachusetts State Office

South Carolina State Office
Strom Thurmond Federal Building
1835 Assembly Street, Room 1007
Columbia, SC 29201
(803) 765-5122
Tim Chandler

South Dakota State Office
Federal Building, Room 210
200 Fourth Street, SW
Huron, SD 57350
(605) 352-1136
Linda Weber

Tennessee State Office
Suite 300
3322 West End Avenue
Nashville, TN 37203-1084
(615) 783-1380
Kathy Connelly

Texas State Office
Federal Building, Suite 102
101 South Main
Temple, TX 76501
(254) 742-9711
John Kirchhoff

Utah State Office

Wallace F. Bennett Federal Building
125 S. State Street, Room 4311
Salt Lake City, UT 84147-0350
(801) 524-4325
Janice Kocher

Vermont State Office
City Center, 3rd Floor
89 Main Street
Montpelier, VT 05602
(802) 828-6015
Robert McDonald

Virgin Islands
Served by Florida State Office

Virginia State Office
Culpeper Building, Suite 238
1606 Santa Rosa Road
Richmond, VA 23229
(804) 287-1596
CJ Michels

Washington State Office
1835 Black Lake Boulevard, Suite B
Olympia, WA 98512
(360) 704-7706
Bill Kirkwood

Western Pacific Territories
Served by Hawaii State Office

West Virginia State Office
Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
(304) 372-3441, extension 105
Penny Thaxton

Wisconsin State Office
4949 Kirschling Court
Stevens Point, WI 54481
(715) 345-7620, extension 157
Debbie Biga

Wyoming State Office

PO Box 11005
Casper, WY 82602
(307) 233-6716
Timothy Brooks

X. Appeal Process

All adverse determinations are appealable pursuant to 7 CFR part 11. Instructions on the appeal process will be provided at the time an applicant is notified of the adverse action.

Tammye Treviño
Administrator
Rural Housing Service

December 6, 2012

Date

Fiscal Year 2013 Pre-application for Multi-Family Housing Revitalization Demonstration Program (MPR)

Instructions

Applicants are encouraged, but not required, to submit this pre-application form electronically by accessing the website: http://www.rurdev.usda.gov/HMF_MPR.html and clicking on the link for the "Fiscal Year 2013 Pre-application for Multi-Family Housing Revitalization Demonstration Program (MPR)." Please note that electronic submittals are not on a secured Web site. If you do not wish to submit the form electronically by clicking on the **Send Form** button, you may still fill out the form, print it and submit it with your application package to the National Office. You also have the option to save the form, and submit it on an electronic media to the National Office with your complete application package.

Supporting documentation required by this pre-application may be sent via email to a special address that you will receive upon receipt of your electronic pre-application. If using this option, please enter the Submission Email Address on the form below (1.g.) so that all documents submitted by this user will be stored in a special folder. Under item **X. Documents Submitted**, check all supporting documents that you are submitting and indicate whether you are submitting each item in hard copy form, on electronic media, or via email. You may also refer to the MPR Notice published in the Federal Register for a complete list of documents that you will need to submit.

I. Applicant Information

a. Applicant's Name: _____

b. Applicant's Address:

Address, Line 1: _____

Address, Line 2: _____

City: _____ State: _____ Zip: _____

c. Name of Applicant's Contact Person: _____

d. Contact Person's Telephone Number: _____

e. Contact Person's Email Address: _____

f. DUNS Number if applying for a grant: _____

g. Submission Email Address: _____

Specify the Sender's email address that will be used to email all supporting documents. When you submit this form electronically, you will receive an email address for submitting all documents checked in item X.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0190. The time required to complete this information collection is estimated to average 90 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

II. Project Information

a. Primary Project Name: _____

b. Project Address:

Address, Line 1: _____

Address, Line 2: _____

City: _____ State: _____ Zip: _____

c. Is this a Simple, Complex or Portfolio transaction? Check One.

Simple: ____

Complex: ____

Portfolio: ____

d. If Portfolio, what is the Portfolio Name? A separate pre-application must be submitted for each project and each Pre-application must have the same “Portfolio Name.”

e. Consolidation of project operations:

Check one below:

☐ This proposal does not involve a consolidation of properties (0 points)

☐ This proposal involves a consolidation of 2-4 properties (5 points)

☐ This proposal involves a consolidation of 5 or more properties (10 points)

Points: ____

Be sure to list all properties being consolidated in f. below.

f. Provide the following information for the projects being considered in this pre-application, starting with the Primary Project.

	Borrower ID	Proj. ID	Project Name	Vacancy Percentage (for 515 Only)	Proj. ST	Project Type 515/514/516
List Primary Project:						
1.						
List Projects to be Consolidated with the Primary Project:						
2.						
3.						

	Borrower ID	Proj. ID	Project Name	Vacancy Percentage (for 515 Only)	Proj. ST	Project Type 515/514/516
4.						
5.						
6.						
7.						
8.						
9.						
10.						

For Section 515 Multi-Family Housing projects: If vacancy percentages for any of the projects listed above have 16 or more revenue producing units exceeding 10.0%, or 15.0% for projects with less than 16 revenue producing units, attach required market survey documentation.

For Section 514/516 Off-Farm Labor Housing projects: If cash flow for the previous 3 full years of operation is not positive, attach required market survey documentation.

Year of Operation: _____ Cash Flow: _____

Year of Operation: _____ Cash Flow: _____

Year of Operation: _____ Cash Flow: _____

g. What is the age of the project? (For consolidations use the project with the earliest operational date.) **Check one.**

- **Was the initial project operational date(s) prior to December 21, 1979? (25 points)**
Yes ___
- **Was the initial project operational date(s) on or after December 21, 1979; but before December 15, 1989? (20 points)** Yes ___
- **Was the initial operational date(s) on or after December 15, 1989; but before October 1, 1991? (15 points)** Yes ___

- Was the initial operational date(s) on or after October 1, 1991? (0 points)
Yes ___
If you answered "Yes" to the first three bullet points, provide the initial operational date of the project: ___/___/___ (mm/dd/yyyy) **Points:** _____

h. Is there an Agency approved Capital Needs Assessment (CNA)? Yes ___ No ___

If "Yes," check one:

- Was the CNA approved on or after October 1, 2010 and prior to October 1, 2011? (10 points) Yes ___
- Was the CNA approved on or after October 1, 2011 but before the publication of the FY 2013 MPR Notice? (20 points) Yes ___
If "Yes," provide the date of the most recent Agency approved CNA: ___/___/___ (mm/dd/yyyy) **Points:** _____

III. Funds

a. Are there contributions of other sources of funds? Yes ___ No ___

If "Yes," check one:

- Evidence of a commitment of at least \$3,000 to \$5,000 per unit/per property? (15 points) Yes ___
- Evidence of a commitment greater than \$5,000 per unit/per property? (20 points) Yes ___
- Evidence of a commitment greater than \$5,000 per unit/per property with a binding written commitment by a third party to contribute 25 percent or more of any allowable developer fee to the hard costs of construction. (25 points)
Yes ___ **Points:** _____

If "Yes," provide the amounts obtained from the following sources. Note: only include amounts for a Rural Development (RD) Section 515 loan or Section 514/516 loan/grant if they have already been approved and obligated by RD.

<u>Source:</u>	<u>Amount:</u>
Tax Credits	_____
3 rd Party Loan	_____
3 rd Party Grant	_____
Tax Exempt Financing	_____
RD Section 515 Traditional Loan	_____
RD Section 514/516 Off-Farm Traditional Loan/Grant	_____
RD Section 538	_____
RD Re-lending Demonstration Loan	_____
Owner Provided Capital Contributions	_____
Total Contributions:	_____

b. Does this proposal include an Owner Contribution of funds to pay transaction costs and/or hard costs of construction? Select all that apply.

- **\$10,000 per project owner contribution sufficient to pay transaction costs. (5 points)** Yes ___ No ___ *(These funds cannot be from project reserves or operating funds or be in the form of a loan. Transaction costs are defined as those costs required to complete the transaction. These include, but are not limited to, the CNA, legal and closing costs, appraisal costs and filing/recording fees. The minimum contribution required is \$10,000 per project; these funds will be required to be deposited in the property reserve account prior to closing.)* **Points:** _____
- **\$1,000 per unit per project owner contribution for the hard costs of construction. (10 points)** Yes ___ No ___ *(These funds cannot be from project reserves or operating funds or be in the form of a loan. Hard costs are defined as materials, inventory, equipment, property or machinery. Hard costs of construction are itemized on Form RD 1924-13, "Estimate and Certificate of Actual Cost." Form RD 1924-13 can be found at <https://formsadmin.sc.egov.usda.gov/efcommon/eFileServices/eFormsAdmin/RD1924-0013.pdf>. The minimum contribution required is \$1,000 per unit which will be required to be deposited in the property reserve account prior to closing. An increased return to owner may be budgeted and allowed for funds committed in accordance with 7 CFR section 3560.406(d)(14)(ii).)* **Points:** _____

IV. Transfers and Sales

a. Does this proposed transaction include a transfer of ownership? Yes ___ No ___

If "Yes," select one of the following categories and attach a copy of the executed Purchase Agreement.

b. Has the Agency servicing classification been identified as "C" or "D" for 24 months or more? (20 points) Yes ___

c. Has the Agency servicing classification been identified as "C" or "D" for less than 24 months? (15 points) Yes ___ No to b. and c. ___ **Points:** _____

If "No," (not involved in a transfer), category d. or e. apply:

d. For stay-in-owners only, has the Agency servicing classification been identified as "B" as a result of a workout plan approved by the Agency prior to January 1, 2012? (25 points) Yes ___

e. Is a sale of 515 properties to Nonprofit/Public Housing Authority under the prepayment process pending or closed? If so, submit an executed purchase agreement with this pre-application (if sale is pending) or a copy of the purchase agreement and filed deed (if sale is closed). (20 points)
Yes ___ No to d. and e. ___ **Points:** _____

V. Energy Conservation

You may answer a. and c. below or b. and c. Note, if you are participating in the Green Communities program under a. you may not receive additional points for items listed under b.

- a. Does this proposal include a written commitment to achieve participation in the Green Communities program by the Enterprise Community Partners

(<http://www.enterprisecommunity.com/solutions-and-innovation/enterprise-green-communities>)? At least 30 percent of the points needed to qualify for the Green Communities program must be earned under the Energy Efficiency section of the Green Communities qualification program: **(30 points)**

Yes ___ No ___ Points: ____

OR

- b. If you are not enrolling in the Green Communities program then points can be accumulated for each of the following items up to a total of **20 points**. Provide documentation to substantiate your answers below:

- i. Does this proposal include the replacement of heating, ventilation and air conditioning (HVAC) equipment with Energy Star qualified heating, ventilation and air conditioning equipment? (3 points):

Yes ___ No ___ Points: ____

- ii. Does this proposal include the replacement of windows and doors with Energy Star qualified windows and doors? (3 points):

Yes ___ No ___ Points: ____

- iii. Does this proposal include additional attic and wall insulation that exceeds the required R-Value of these building elements for your area as per the International Energy Conservation Code 2009? Two points will be awarded if all exterior walls exceed insulation code and one point will be awarded if attic insulation exceeds code, for a maximum of three points.

All exterior walls exceed insulation code (2 points):

Yes ___ No ___ Points: ____

Attic insulation exceeds code (1 point):

Yes ___ No ___ Points: ____

- iv. Does this proposal include the reduction in building shell air leakage by at least 15 percent as determined by pre- and post-rehab blower door testing on a sample of units? Building shell air leakage may be reduced through materials such as caulk, spray foam, gaskets, and house-wrap. Sealing of duct work with mastic, foil-backed tape, or aerosolized duct sealants can also help reduce air leakage. (3 points):

Yes ____ No ____ Points: ____

- v. Does this proposal include 100 percent of installed appliances and exhaust fans that are Energy Star qualified? (2 points):

Yes ____ No ____ Points: ____

- vi. Does this proposal include 100 percent of installed water heaters that are Energy Star qualified? (2 points): Yes ____ No ____ Points: ____

- vii. Does this proposal include replacement of 100 percent of toilets with a flush capacity of more than 1.6 gallons with new toilets having 1.6 gallon flush capacity or less, and with the Environmental Protection Agency (EPA) Water Sense label? (1 point):

Yes ____ No ____ Points: ____

- viii. Does this proposal include 100 percent of new showerheads with EPA Water Sense label? (1 point): Yes ____ No ____ Points: ____

- ix. Does this proposal include 100 percent of new faucets with EPA Water Sense label? (1 point): Yes ____ No ____ Points: ____

- x. Does this proposal include 100 percent energy-efficient lighting including Energy Star qualified fixtures, compact fluorescent replacement bulbs in standard incandescent fixtures and Energy Star ceiling fans? (1 point): Yes ____ No ____ Points: ____

- c. Does this proposal include a written commitment to achieve participation in local green/energy efficient building standards, such as a city, county or municipality program? (2 points): Yes ____ No ____ Points: ____

Name of Local Program: _____

Total Points for Energy Conservation: ____

VI. Energy Generation

Rehabilitation and preservation projects that participate in the **Green Communities program** by the Enterprise Community Partners or receive at least **eight points** for Energy Conservation measures are eligible to earn additional points for installation of on-site renewable energy sources. Renewable, on-site energy generation will compliment a weathertight, well insulated building envelope with highly efficient mechanical systems. Possible renewable energy generation technologies include, but are not limited to: wind turbines and micro-turbines, micro-hydro power, photovoltaics (capable of producing a voltage when exposed to radiant energy, especially light), solar hot water systems and biomass/biofuel systems that do not use fossil fuels in production. Geo-exchange systems are highly encouraged as they lessen the total demand for energy and, if supplemented with

other renewable energy sources, can achieve zero energy consumption more easily. Points under this section will be awarded as follows.

- a. Projects whose preliminary or rehabilitation building plans and energy analysis propose a 10 percent to 100 percent energy generation commitment (where generation is considered to be the total amount of energy needed to be generated on-site to make the building a net-zero consumer of energy) may be awarded points corresponding to their percent of commitment as follows:

- ☐ **0 to 9 percent commitment to energy generation (0 points)**
- ☐ **10 to 29 percent commitment to energy generation (1 point)**
- ☐ **30 to 49 percent commitment to energy generation (2 points)**
- ☐ **50 to 69 percent commitment to energy generation (3 points)**
- ☐ **70 to 89 percent commitment to energy generation (4 points)**
- ☐ **90 percent or more commitment to energy generation (5 points)**

Points: _____

Note: In order to receive **more than one point** for commitment to energy generation, an accurate energy analysis prepared by an engineer will need to be submitted with the pre-application. Energy analysis of preliminary building plans using industry recognized simulation software must document the projected total energy consumption of the building, the portion of building consumption which will be satisfied through on-site generation, and the building's Home Energy Rating System (HERS) score.

VII. Green Property Management Credentials

Projects will be awarded an additional five points if the designated property management company or individuals that will assume maintenance and operations responsibilities upon completion of construction or substantial rehabilitation work have a Credential for Green Property Management. Credentialing can be obtained from the National Apartment Association (NAA), National Affordable Housing Management Association, the Institute for Real Estate Management, U.S. Green Building Council's Leadership in Energy and Environmental Design for Operations and Maintenance (LEED OM), or another source with a certifiable credentialing program. This must be illustrated in the resume(s) of the property management team and submitted with the application. (5 points)

I have submitted resumes of the designated property management company or individuals responsible for maintenance and operations that have a Credential for Green Property Management. (5 points) Yes ___ No ___ Points: _____

VIII. Tenant Service Provision

The Agency will award five points for applications that include new services provided by a non-profit organization, which may include a faith-based organization, or by another Government agency. Such services shall be provided at no cost to the project and shall be made available to all tenants. Examples of such services may include transportation for the elderly, after-school day care services or after-school tutoring.

New tenant services will be provided to all tenants at no cost to the project. (5 points)

Yes ____ No ____ Points: ____

IX. Submission of Form AD-3030

Awards made under this notice are subject to the provisions contained in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012, P.L. No. 112-55, Division A, sections 738 and 739 regarding corporate felony convictions and corporate federal tax delinquencies. To comply with these provisions, all applicants must submit form AD-3030 which can be found online at:

http://www.ocio.usda.gov/forms/ocio_forms.html

Indicate below how you are submitting the form. For electronic submissions you may submit a scanned copy of the signed form with your pre-application.

X. Documents Submitted

Below, please check all documents that you will be submitting as part of your complete application package. Hard copy submissions and electronic media should be mailed to the National Office. If you check the email option, you will be notified of the email address to use upon electronic receipt of this Pre-application form. See Notice for complete details.

NOTE: You are only required to submit supporting documents for programs in which you will be participating as indicated in this pre-application. Points will be assigned for the items that you checked based on a review of the supporting documents.

Reference in Form	Item	Submitted via Email	Submitted to National Office
	FY 2013 Pre-application for MFH Revitalization Demonstration Program (MPR) (this form).	<input type="checkbox"/>	<input type="checkbox"/> Electronic media <input type="checkbox"/> Hard Copy
II. Project Information			
f.	Market Survey if vacancy rates are exceeded for Section 515 projects or there is negative cash flow for Section 514/516 projects.	<input type="checkbox"/>	<input type="checkbox"/> Electronic media

			<input type="checkbox"/> Hard Copy
Reference in Form	Item	Submitted via Email	Submitted to National Office
III. Funds			
a.	Evidence of commitment and sources of funds.	<input type="checkbox"/>	<input type="checkbox"/> Electronic media <input type="checkbox"/> Hard Copy
b.	Evidence of owner contribution of funds for transaction costs.	<input type="checkbox"/>	<input type="checkbox"/> Electronic media <input type="checkbox"/> Hard Copy
b.	Evidence of owner contribution of funds for hard costs of construction.	<input type="checkbox"/>	<input type="checkbox"/> Electronic media <input type="checkbox"/> Hard Copy
IV. Transfer and Sales			
a.	Executed Purchase Agreement for a transfer of ownership.	<input type="checkbox"/>	<input type="checkbox"/> Electronic media <input type="checkbox"/> Hard Copy
e.	Executed Purchase Agreement for a sale to Nonprofit/Public Housing Authority under the prepayment process (if sale is pending) OR a copy of the Purchase Agreement and filed deed (if sale is closed).	<input type="checkbox"/>	<input type="checkbox"/> Electronic media <input type="checkbox"/> Hard Copy
V. Energy Conservation			
a. OR	Certification in the Green Communities Program by the Enterprise Community Partners.	<input type="checkbox"/>	<input type="checkbox"/> Electronic media <input type="checkbox"/> Hard Copy
b.	Documentation substantiating Green Energy improvements outlined in items i. through x.	<input type="checkbox"/>	<input type="checkbox"/> Electronic media <input type="checkbox"/> Hard Copy
c.	Certification in local green energy efficient building standards.	<input type="checkbox"/>	<input type="checkbox"/> Electronic media <input type="checkbox"/> Hard Copy
VI. Energy Generation			
a.	Preliminary building plans and an energy analysis that shows that the project will achieve 30 to 100 percent energy generation commitment.	<input type="checkbox"/>	<input type="checkbox"/> Electronic media <input type="checkbox"/> Hard Copy
VII. Green Property Management Credentials			
	Resumes of the designated property management company or individuals responsible for maintenance and operations that have a credential for Green Property Management.	<input type="checkbox"/>	<input type="checkbox"/> Electronic media <input type="checkbox"/> Hard Copy
VIII. Tenant Service Provision			
	Description of Tenant Services provided and organizations providing the service.	<input type="checkbox"/>	<input type="checkbox"/> Electronic media <input type="checkbox"/> Hard Copy
IX. Submission of Form AD-3030			

XI. MPR 2013 Scoring

PLEASE NOTE: The scoring below is based on the responses that you have provided on this pre-application form and may not accord with the final score that the Agency assigns upon evaluating the supporting documentation that you submit. Your score may change from what you see here if the supporting documentation does not adequately support your answer or, if required documentation is missing.

	Scoring Items for MPR 2013	Points Earned
1.	Consolidation of Project Operations (5, 10)	
2.	Age of Project (15, 20, 25)	
3.	Agency approved Capital Needs Assessment (10, 20)	
4.	Contribution of Other Sources of Funds (15, 20, 25)	
5.	Owner Contribution for transaction costs (5)	
6.	Owner Contribution for hard costs of construction (10)	
7.	Project classified as "C," or "D" for transfers (15, 20) OR	
8.	Project classified as "B" for stay-in owner (25) or sale to a non-profit (20)	
9.	Participation in the Green Communities Program (30) OR items 10. through 20.	
10.	Energy Star HVAC equipment (3)	
11.	Energy Star windows and doors (3)	
12.	Exterior wall insulation that exceeds code (2)	
13.	Attic insulation that exceeds code (1)	
14.	Reduction in building shell air leakage (3)	
15.	Energy Star appliances and exhaust fans (2)	
16.	Energy Star water heaters (2)	
17.	Reduced flush-capacity toilets (1)	
18.	New showerheads with EPA water-sense label (1)	
19.	New faucets with EPA water-sense label (1)	
20.	Energy Star light fixtures and ceiling fans (1)	

	Scoring Items for MPR 2013	Points Earned
21.	Participation in local green energy standards (2)	
22.	Energy Generation (1, 2, 3, 4, 5)	
23.	Green Property Management Credentials (5)	
24.	Tenant Service Provisions (5)	
	Total Score:	

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